



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S.0917 Introduced on January 23, 2018  
**Author:** Kimpson  
**Subject:** Accommodation and Hospitality Tax Expenditures  
**Requestor:** Senate Finance  
**RFA Analyst(s):** R. Martin  
**Impact Date:** February 5, 2018

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter. This bill would not impact local tax revenue, but would reallocate existing accommodations tax and hospitality tax revenue among additional permissible tourism-related projects and purposes.

**Explanation of Fiscal Impact**

**Introduced on January 23, 2018**

**State Expenditure**

The Department of Revenue reports that this bill would have no expenditure impact on the state General Fund, Federal Funds, and Other Funds.

**State Revenue**

Currently, a local governing body may impose, by ordinance, a local hospitality tax not to exceed two percent of the charges for food and beverages on the sales of prepared meals and beverages sold in establishments, or sales of prepared meals and beverages sold in establishments licensed for on-premises consumption of alcoholic beverages, beer, or wine. Based on the latest data available from the *Local Government Finance Report* published by the Economic Research Section of the Revenue and Fiscal Affairs Office, reported local hospitality tax revenue totaled \$211,595,152 in FY2015-16. Also, a local governing body may impose, by ordinance, a local accommodations tax not to exceed three percent on the gross proceeds derived from the rental or charges for accommodations furnished to transients. Based on the latest data available from the *Local Government Finance Report* published by the Economic Research Section of the Revenue and Fiscal Affairs Office, reported local accommodations tax revenue totaled \$75,987,196 in

FY2015-16. There is also imposed a two percent state accommodations tax charged in addition to the state five percent sales tax which must be credited to the political subdivisions of the state in accordance with Chapter 4 of Title 6 of the Code of Laws. Based on the latest data available from the South Carolina Department of Revenue, the reported two percent state accommodations tax revenue totaled \$69,559,227 in FY2016-17. Collectively, the total revenue available to local government bodies to be used for specific tourism-related purposes totaled \$357,141,575.

**Section 1.** This bill would amend Section 6-1-530(A) to add “control and repair of flooding and drainage at tourism-related lands or areas” to the enumerated list of exclusive purposes the local accommodations tax revenue may be used. The addition of this item would not change or alter any existing taxes, tax rates, or fees, but the additional item would cause a competition among all of the exclusive purposes for use of the revenue and reallocate the existing revenue. This section would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter.

**Section 2.** This bill would amend Section 6-1-730(A) to add “control and repair of flooding and drainage at tourism-related lands or areas” to the enumerated list of exclusive purposes the local hospitality tax revenue may be used. The addition of this item would not change or alter any existing taxes, tax rates, or fees, but the additional item would cause a competition among all of the exclusive purposes for use of the revenue and reallocate the existing revenue. This section would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter.

**Section 3.** This bill would amend Section 6-4-10(4)(b) to add “control and repair of flooding and drainage at tourism-related lands or areas” to the enumerated list of exclusive purposes the additional two percent state accommodations tax revenue may be used. The addition of this item would not change or alter any existing taxes, tax rates, or fees, but the additional item would cause a competition among all of the exclusive purposes for use of the revenue and reallocate the existing revenue. This section would not affect state General Fund revenue in FY2018-19 or any fiscal year thereafter.

**Section 4.** This act takes effect upon approval by the Governor.

#### **Local Expenditure**

N/A

#### **Local Revenue**

Because this bill does not change any existing taxes, tax rates, or fees, there would not be any change to local or municipal accommodations tax or hospitality tax revenue. There would, however, be a reallocation of revenue among competing tourism-related purposes since the addition of the control and repair of flooding and drainage at tourism-related lands or areas would become an acceptable use of the tax revenue.



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Frank A. Rainwater, Executive Director